

**TESTIMONY SUBMITTED TO THE COMMITTEE ON BANKING**

**February 24, 2015**

*Norbert J. Deslauriers, Interim Executive Vice President  
Connecticut Housing Finance Authority.*

**Committee Bill No. 5651 AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE TASK FORCE ON  
REVERSE MORTGAGES**

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Chairman Leone and Chairman Lesser and members of the Banking Committee, my name is Norbert J. Deslauriers, Interim Executive Vice President of the Connecticut Housing Finance Authority (CHFA). On behalf of CHFA, I am providing my *support* of Committee Bill No. 5651, ***AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE TASK FORCE ON REVERSE MORTGAGES.***

CHFA was created in 1969 by the State Legislature. Our purpose is to help alleviate the shortage of affordable housing for low- and moderate-income families and persons in Connecticut, and when appropriate, to promote or maintain the economic development of the State through employer-assisted housing efforts.

The purpose of this legislation is to assist prospective applicants in understanding the loan program and guidelines of Reverse Mortgages. CHFA originates a Reverse Annuity Program which provides monthly cash payments to eligible homeowners ages 70+ who have unreimbursed health care needs because of a chronic illness or condition in the form of a Reverse Mortgage. Over the past 5 years, CHFA closed 9 loans. The average age of the CHFA borrower under this program is 90 years of age. The CHFA Reverse Mortgage program can be used for a variety of services connected with long-term care needs. CHFA will change the name of its program from Reverse Annuity Mortgage Program to Reverse Annuity Loan Program to comply with the recommendation in this legislation.

The State Department on Aging prescreens applicants and then refers eligible borrowers to CHFA to begin the application process. CHFA staff takes applications directly from borrower(s) in a face-to-face meeting or send applications via mail which are returned to CHFA for review and approval. There are no outside lenders involved in the CHFA Reverse Annuity Program. A representative from an independent social services agency will assess the need for long-term care needs. With regard to housing counseling, CHFA is under contract with three HUD-certified Housing Counseling agencies that can provide counseling services to borrowers who obtain a CHFA Reverse Mortgage. This type of housing counseling will be added to the existing contracts in place for housing counseling services.

CHFA is amiable to also providing those requirements under Section 1 of the bill except for one requirement. Beginning on Line 10 under Section: (Such counseling agency shall not receive any compensation, either directly or indirectly, from the lender or from any other person or entity involved in originating or servicing the loan;). This requirement would impede the ability of CHFA to provide housing counseling.

Also, Line 63 references the Commissioner of Social Services, which is now the Commissioner of the State Department on Aging.

Thank you for the opportunity to provide my comments on Committee Bill No. 5651 AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE TASK FORCE ON REVERSE MORTGAGES.